

Message Text

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PAGE 01 PARIS 16930 201248 Z

44

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

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E. O. 11652: N/ A

TAGS/ EFIN, FR

SUBJECT: FRENCH FOREIGN AND FINANCE MINISTERS DISCUSS INTERNATIONAL
MONETARY

PASS TREASURY AND FEDERAL RESERVE.

1) SPEAKING AT OPENING OF ASSEMBLY DEBATE ON FRENCH FOREIGN POLICY
JUNE 19, FOREIGN MINISTER JOBERT TOUCHED ON " PROBLEM OF DOLLAR."
HE SAID ALL WERE SUFFERING FROM SITUATION WHERE NEARLY ALL
TRANSACTIONS
CONTINUE TO TAKE PLACE IN DOLLARS BUT WHERE CONFIDENCE IN " WORLD' S
PRINCIPAL RESERVE CURRENCY" HAS BEEN SHAKEN. FOR YEARS,
MINISTER CONTINUED, FRANCE HAS POINTED TO " DISORDER WHICH THUS
TOOK HOLD IN INTERNATIONAL RELATIONS BECAUSE CURRENCY OF VERY
IMPORTANT COUNTRY WAS MANAGED IN FUNCTION OF PURELY NATIONAL
CONCERNS,

WHEREAS ITS RESPONSIBILITIES WERE UNIVERSAL."

2. REPLYING IN SENATE JUNE 19 TO ORAL QUESTION ON CURRENT INTERNA-
TIONAL MONETARY SITUATION, ECONOMICS AND FINANCE MINISTER GISCARD
D' ESTAING MADE FOLLOWING POINTS:

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PAGE 02 PARIS 16930 201248 Z

(A) FRENCH DO NOT FEEL CURRENT RATES QUOTED FOR DOLLARS AGAINST OTHER CURRENCIES CORRESPOND TO ECONOMIC RELAITIES, " AND WE DO NOT INTEND TO RATIFY THIS SITUATION, NOR LET IT BE RATIFIED."

(B) FRENCH FOREIGN TRADE HAS NOT BEEN ADVERSELY AFFECTED BY RECENT MONETARY DEVELOPMENTS. ONE- HALF SUCH TRADE TAKES PLACE WITH COUNTRIES THAT MADE NO CHANGE IN RATE OF THEIR CURRENCIES AGAINST FRANC, OR REVALUED. FOR OTHER HALF, EXCHANGE RELATIONSHIP MOVED AGAINST FRANC, BUT EXPORTS HAVE HELD UP. FINANCE MINISTRY AT PRESENT PROJECTS TRADE SURPLUS OF ABOUT DOLS250 MILLION IN 1973.

(C) CENTRAL BANKS HOLD GOLD STOCKS OF ABOUT DOLS100 BILLION, VALUED AT CURRENT FREE MARKET PRICE. HOWEVER, FRANCE IS OPPOSED TO ALLOWING THEM TO SELL ON FREE MARKET, " AND BANK OF FRANCE, IN SUCH CASE, WOULD RESERVE RIGHT TO BUY."

(D) MONETARY REFORM NEGOTIATIONS CANNOT BE CONDLUED BY TIME OF IMF ANNUAL MEETING IN NAIROBI NEXT FALL. INDEED, IT IS NOT DESIRABLE PROCEED IN HASTE. GISCARD NOW EXPECTS NEGOTIATIONS WILL COME TO A HEAD IN SPRING 1974. IRWIN

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